

Department of State Evaluation Conference Global Affairs and Competitiveness:

Evaluation as a Driver for Impactful Economic Diplomacy

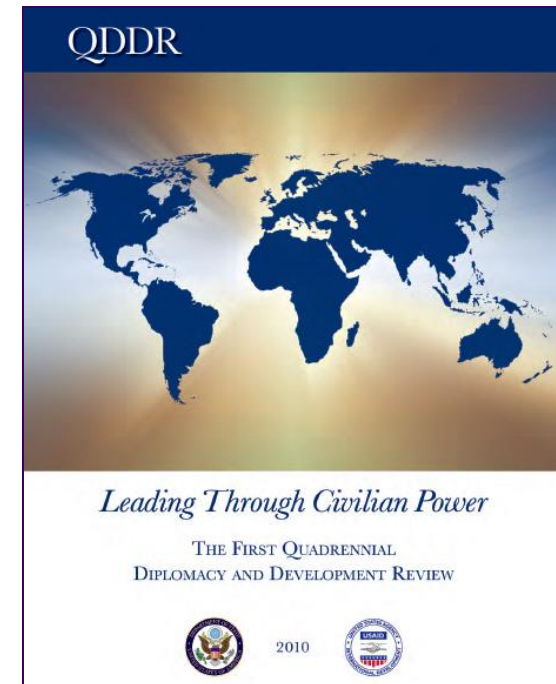
Washington, D.C.

June 8, 2011

Booz | Allen | Hamilton

Economic Diplomacy: A QDDR Priority

- ▶ **The Secretary of State has underscored that economic diplomacy and economic development are “essential strands” of U.S. foreign policy and foreign assistance**
 - Economic security and economic interests are central to most nations’ national security strategies
 - Early warning mechanisms are necessary to identify issues at the intersections of economics, security and politics
 - Recognition of the potential threat that economic shocks might have on global prosperity
 - Additional recognition of the opportunities that might emerge from increasing economic interdependence and the rapid movement of information, capital, goods and people
- ▶ **For foreign assistance, an investment in a country’s effort to achieve sustained and broad-based economic growth creates “opportunities for people to lift themselves, their families, and their societies out of poverty, away from violent extremism and instability, and towards a prosperous future”**
- ▶ **A key corollary of the emphasis on economic diplomacy is a focus on monitoring and evaluation across both DoS and USAID where policy and planning specialists are seeking to establish new requirements for performance evaluations linking the outcomes of the evaluation to future funding decisions and promoting the unbiased appraisal of programs and the full disclosure of findings**



Context

The USG intends to fund a number of infrastructure projects in Afghanistan and the surrounding region prior to the departure of U.S. troops in 2014; the objective is to establish Afghanistan as an efficient trade and transit corridor connecting China with Europe, and Russia with Pakistan and India; the possible projects include transportation, energy and ICT infrastructures

Problem

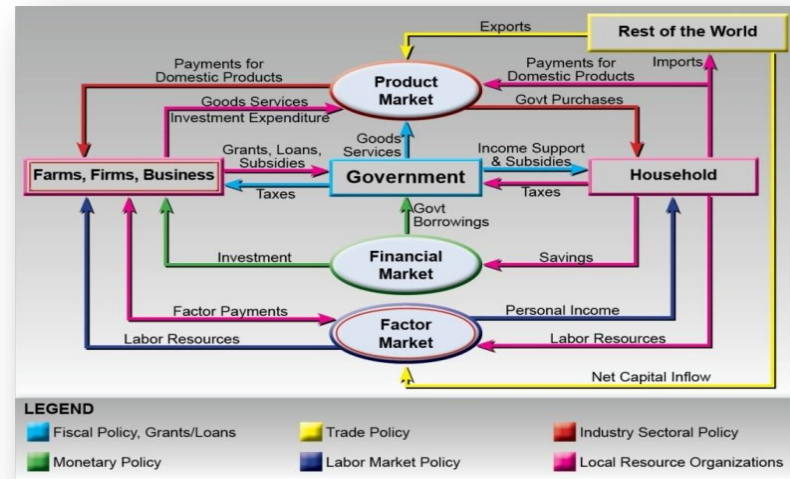
Identify the best approach for evaluating and prioritizing 12+ infrastructure projects in Afghanistan and the region for funding and next steps when current data quality is an issue

Solution

- ▶ Build a customized economic model of Afghanistan and link it to similar models of other countries in the region
- ▶ Use a systems dynamics model for identifying supply chain components and potential supply obstacles
- ▶ Manipulate the input variable values of models to evaluate each project

Impact

Using the modeling framework, perform an economic impact assessment of each of the projects, focusing on employment and GDP/GRP gains; evaluate and prioritize the set of projects based on gains to key economic metrics



Context

Booz Allen is an implementing partner of USAID, providing technical assistance to the Ministry of Economy and Trade in support Lebanon's accession to the World Trade Organization (WTO)

Problem

The legislative reform agenda has stalled amid an atmosphere of political uncertainty. Reform of outdated or non-compliant legislation will require the support of a wide range of private sector stakeholders

Solution

- ▶ Phase One: High-level macro-economic impact analysis of economic indicators; examine how similar economies have been impacted after WTO accession; determine key industries/indicators
- ▶ Phase Two: Use a Lebanon-specific economic model to conduct a detailed, in-depth analysis of specific sectors within the economy

Impact

Using a robust analytical approach allows us to move the debate around WTO accession from the theoretical through the development of data-driven public messaging around economic reform



Context

Booz Allen is supporting public diplomacy market research and strategic planning efforts for the Department; the Booz Allen team worked closely with the Department's public diplomacy Evaluation and Measurement Unit to develop, deploy and analyze a "snap poll" that provided "perspectives of online and educated Egyptians following the recent revolution"

Problem

Identifying the appropriate public diplomacy strategies and programming in support to Egyptian citizens during a time of rapid political and social change driving significant U.S. foreign policy shifts within the MENA region

Solution

- ▶ Work with stakeholders from across the Department to develop a comprehensive research survey instrument
- ▶ Include questions that speak to the economic dynamics associated with rapid political and social change in support of USG economic and public diplomacy initiatives

Impact

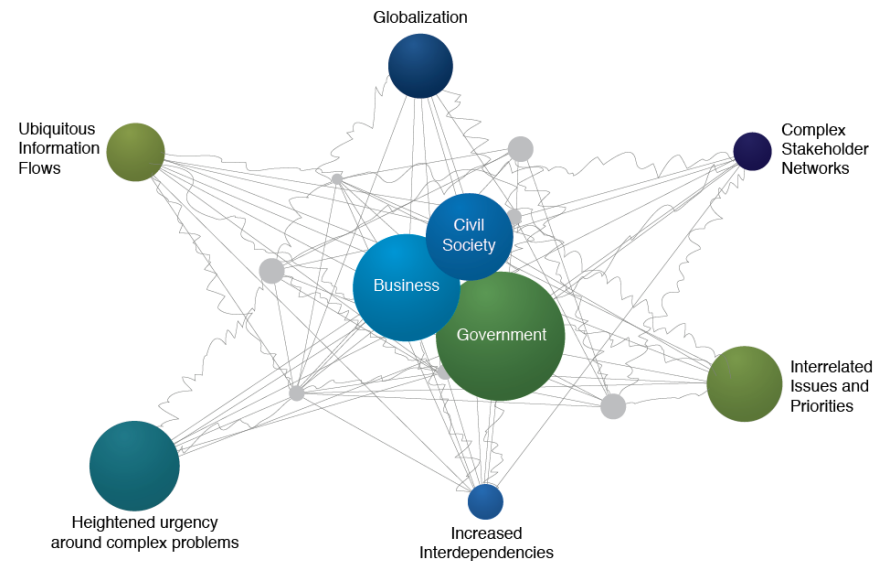
Data allows for comprehensive analysis to support strategic decision making for public diplomacy efforts, providing key considerations for policymakers in regards to the ideal "blend" of economic and public diplomacy efforts within Egypt



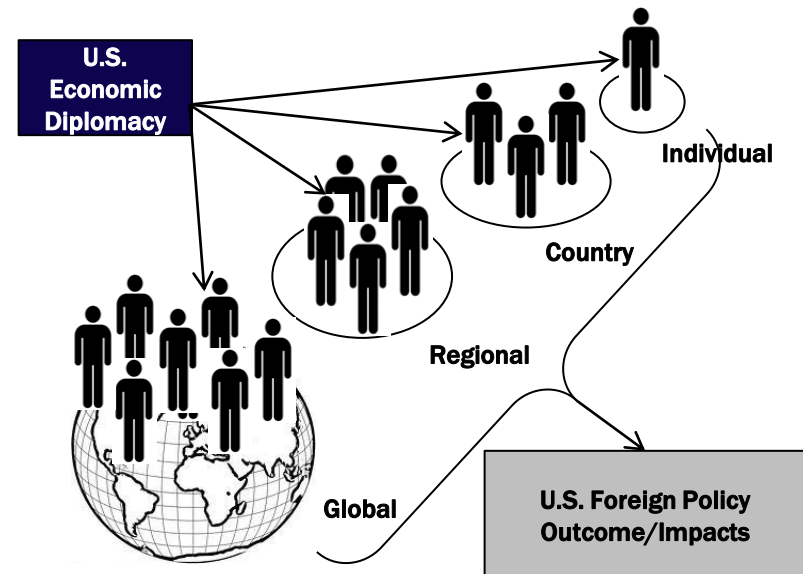
Key Considerations

- ▶ Moving forward how does the Department fully integrate economic considerations into U.S. foreign policy efforts?
- ▶ Can the application of economic modeling, forecasting and analysis complement ongoing U.S. foreign policy efforts to increase understanding of the linkages between diplomatic initiatives and overall impact to U.S. national security?
- ▶ How does the Department operate successfully within the interagency environment to track, plan and evaluate the magnitude and strategic implications of geoeconomic issues?
- ▶ What are the natural linkage points between public and economic diplomacy and how can further integration of the two advance U.S. foreign policy goals?
- ▶ Moving forward, what type of training is necessary to equip Foreign Service Officers with the information and skills needed to address geoeconomic issues?

Notional Global Operating Environment



Global Engagement Landscape



For More Information...

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